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Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AGRE-00 EB-08 AID-05 COME-00 TRSE-00
CIAE-00 INR-07 NSAE-00 STR-04 /035 W
----------014661 082325Z /65
R 081510Z SEP 77
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TO SECSTATE WASHDC 3740
INFO AMCONSUL KARACHI
AMCONSUL LAHORE
AMCONSUL PESHAWAR
AMEMBASSY NEW DELHI

UNCLAS ISLAMABAD 9130

E.O. 11652: N/A
TAGS: EAGR, PK
SUBJ: INTERIM GOVERNMENT'S AGRICULTURAL POLICY

REF: ISLAMABAD 9016

(1) SECRETARY GENERAL-IN-CHIEF GHULAM ISHAQ KHAN'S SPEECH SEPTEMBER 2 (REFTEL) CONTAINED SOME NEW PROPOSALS DESIGNED TO INCREASE AGRICULTURAL PRODUCTION. SOME OF THE PROPOSALS OF THE INTERIM GOVERNMENT FOLLOW THOSE IN THE 77 BUDGET SPEECH BUT CALL FOR INCREASED AGRICULTURAL INPUTS.

(2) COTTON: THE PRICE OF COTTON LINT IS BEING LOWERED FROM DOLS.50 PER POUND TO DOLS.39 PER POUND FOR THE CURRENT 1977/78 CROP. THIS IS THE PRICE COTTON GINNING MILLS WILL BE PAID FOR LINT. THE PRICE GROWERS ARE PAID FOR PHUTTI (SEED COTTON) WAS RAISED FROM DOLS.15 PER POUND TO DOLS.16 PER POUND. THE LINT PRICE WAS REDUCED IN ORDER TO SUPPLY IT AT A CHEAPER RATE TO THE TEXTILE INDUSTRY WHICH WILL MAKE PAKISTANI COTTON AND COTTON PRODUCTS MORE COMPETITIVE IN THE WORLD MARKET. THE GROWERS ON OTHER HAND WERE OFFERED BETTER PRICES IN ORDER TO ENCOURAGE PRODUCTION OF COTTON. THE GOVERNMENT EXPECTS THE NEW PRICE STRUCTURE TO CAUSE A SUBSTANTIAL LOSS OF BUDGE-
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TARY REVENUE. THEY HOPE MOST OF THE LOSS WILL BE RECOVERED DUE TO INCREASED ECONOMIC ACTIVITY GENERATED BY THE MORE COMPETITIVE COTTON PRICES. THE INCREASED ECONOMIC ACTIVITY WILL MEAN ADDITIONAL TAX REVENUE. THE PRICE LEVELS ESTABLISHED BY THE GOVERNMENT ARE SUBJECT TO THE QUALITY OF THE LINT AND PHUTTI OFFERED. THERE WILL BE A DISCOUNT OF 2.5 PERCENT ON PHUTTI IF IT CONTAINS EXCESSIVE MOISTURE, TRASH, OR POOR STAPLE.

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(3) LONG STAPLE COTTON WILL BE SOLD AT AUCTION BY THE COTTON TRADING CORPORATION. EFFECTIVE OCTOBER 1, THE SALE OF COTTON LINT WILL BE COMPLETELY DENATIONALIZED AND TEXTILE MILLS WILL BE ALLOWED TO BUY ANY QUANTITY FROM GINNING MILLS OF THEIR CHOICE. A CHARGE OF DOLS.0024 PER POUND PER WEEK WILL BE IMPOSED FOR FUTURE DELIVERIES
,
BEGINNING JANUARY 1, 1978. THIS CHARGE ALSO APPLIES TO ANY SALES DELIVERED AFTER THE JANUARY DEADLINE.

(4) KHAN REPEATED THAT THE 1977/78 COTTON PRODUCTION GOAL WAS 3.5 MILLION BA)E . HE AVOIDED GIVING ANY FIGURE ON COTTON OUTPUT BUT INDICATED THAT THE CROP WILL EXCEED DOMESTIC REQUIREMENTS (ESTIMATED TO BE AROUND 2.7 MILLION BALES IN 1977/78) WHICH MEANS THERE WILL BE SOME COTTON AVAILABLE FOR EXPORT. THE GOVERNMENT'S NEW POLICY PLANS FOR 3.8 MILLION ACRES OF THE 1977/78 COTTON CROP TO BE SPRAYED. SALES OF PESTICIDES ARE BEING ARRANGED ON DEFERED PAYMENTS AND HAND SPRAYERS WILL CONTINUE TO BE SUPPLIED ON A SUBSIDIZED BASIS.

(5) WHEAT: THE INTERIM GOVERNMENT WILL TRY TO BOOST WHEAT PRODUC-
TION BY ACCELERATING DISTRIBUTION OF 210,000 TONS OF FERTILIZER,
206 MILLION POUNDS OF IMPROVED SEED AND 5,000 TRACTORS FROM NOW TO THE END OF OCTOBER 1977. A PLANT PROTECTION OPERATION WILL BE IMPLEMENTED OVER 8 MILLION ACRES OF LAND. PROCUREMENT OF GOOD QUALITY OF WHEAT SEED FOR DISTRIBUTION IN THE NEXT SEASON WILL BE FACILITATED BY RAISING THE PREMIUM OF DOLS0024- DOLS.0049 PER POUND
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TO DOLS0097 PER POUND. THIS IS IN ADDITION TO THE SET PROCUREMENT PRICE OF DOLS045 PER POUND.

(6) RICE: THE MONOPOLY PROCUREMENT ARRANGEMENTS WHICH EXISTED BEFORE NATIONALIZATION WILL BE REINTRODUCED NOW THAT THE ENTIRE RICE MILLING INDUSTRY HAS BEEN DENATIONALIZED. ONLY AUTHORIZED RICE DEALERS WILL BE PERMITTED TO PURCHASE PADDY FROM GROWERS AND SUPPLY RICE TO THE RICE CORPORATION.

(7) SUGARCANE: KHAN SAID AN ADEQUATE SUPPLY OF SUGAR CANE FOR THE MILLS WILL BE ENSURED BY STRICT ENFORCEMENT OF THE SUGAR CANE PRODUCTION ZONE AROUND MILLS.
HUMMEL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INTERIM GOVERNMENT, POLICIES, AGRICULTURE
Control Number: n/a
Copy: SINGLE
Sent Date: 08-Sep-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977ISLAMA09130
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770326-0181
Format: TEL
From: ISLAMABAD
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770987/aaaacvka.tel
Line Count: 107
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: ed73aa4a-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 ISLAMABAD 9016
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 03-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1351400
Secure: OPEN
Status: NATIVE
Subject: INTERIM GOVERNMENT\'S AGRICULTURAL POLICY
TAGS: EAGR, PK
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/ed73aa4a-c288-dd11-92da-001cc4696bcc
Review Markings:
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US Department of State
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